

Unaudited Condensed Interim Financial Statements of
ANCHOR CAPITAL CORPORATION
As at and for the Period Ended June 30, 2017
(Expressed in Canadian Dollars)

Notice of no Auditor Review – Financial Statements

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements.

ANCHOR CAPITAL CORPORATION

*As at and for the Period Ended June 30, 2017
(Expressed in Canadian Dollars)*

Contents

Condensed Interim Statement of Financial Position	3
Condensed Interim Statement of Comprehensive Loss	4
Condensed Interim Statement of Changes in Shareholders' Equity	5
Condensed Interim Statement of Cash Flows	6
Notes to the Condensed Interim Financial Statements	7 - 15

ANCHOR CAPITAL CORPORATION
UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	As at June 30, 2017	As at December 31, 2016
CURRENT		
Cash (note 2)	<u>\$ 89,538</u>	<u>\$ 155,468</u>
TOTAL ASSETS	<u>\$ 89,538</u>	<u>\$ 155,468</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ -	\$ 40,275
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 3)	284,222	284,222
CONTRIBUTED CAPITAL	65,542	65,542
DEFICIT	<u>(260,226)</u>	<u>(234,571)</u>
	<u>89,538</u>	<u>115,193</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 89,538</u>	<u>\$ 155,468</u>

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on August 14, 2017 and were signed on its behalf by:

"Darren Stark"
Darren Stark, Director

"Douglas Stuve"
Douglas Stuve, Director

The accompanying notes are an integral part of these condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
REVENUE	\$ 17	\$ 12	\$ 25	\$ 25
<hr/>				
EXPENSES				
Professional fees	18,481	20,785	25,680	30,099
	18,481	20,785	25,680	30,099
Loss and comprehensive loss, for the period (note 4)	\$ (18,464)	\$ (20,773)	\$ (25,655)	\$ (30,074)
Loss per share - Basic and Diluted (note 4)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The accompanying notes are an integral part of these condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS'
EQUITY
(Expressed in Canadian dollars)

Six months ended June 30, 2016	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, beginning of period	\$ 284,222	\$ 65,542	\$ (143,111)	\$ 206,653
Loss and comprehensive loss	-	-	(30,074)	(30,074)
Balance, end of period	<u>\$ 284,222</u>	<u>\$ 65,542</u>	<u>\$ (173,185)</u>	<u>\$ 176,579</u>
Six months ended June 30, 2017	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, beginning of period	\$ 284,222	\$ 65,542	\$ (234,571)	\$ 115,193
Loss and comprehensive loss	-	-	(25,655)	(25,655)
Balance, end of period	<u>\$ 284,222</u>	<u>\$ 65,542</u>	<u>\$ (260,226)</u>	<u>\$ 89,538</u>

The accompanying notes are an integral part of these condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
UNAUDITED CONDENSED INTERIM STATEMENT OF CASHFLOWS
(Expressed in Canadian dollars)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
CASHFLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (18,464)	\$ (20,773)	\$ (25,655)	\$ (30,074)
Changes in non-cash working capital items:				
Decrease in accounts payables and accrued liabilities	<u>(11,300)</u>	<u>(12,386)</u>	<u>(40,275)</u>	<u>(26,918)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(29,764)</u>	<u>(33,159)</u>	<u>(65,930)</u>	<u>(56,992)</u>
NET DECREASE IN CASH POSITION FOR THE PERIOD	(29,764)	(33,159)	(65,930)	(56,992)
CASH - BEGINNING OF PERIOD	119,302	209,738	155,468	233,571
CASH - END OF PERIOD	<u><u>\$ 89,538</u></u>	<u><u>\$ 176,579</u></u>	<u><u>\$ 89,538</u></u>	<u><u>\$ 176,579</u></u>
SUPPLEMENTARY DISCLOSURE OF CASHFLOW INFORMATION				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim financial statements.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

1. NATURE OF OPERATIONS

Anchor Capital Corporation (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014 and is a Capital Pool Corporation ("CPC") as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The Corporation proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. The registered office address of the Corporation is Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

As at June 30, 2017, the Corporation had no business operations and its only significant asset was cash. During the period from incorporation on February 20, 2014 to June 30, 2017, the Corporation did not enter into any agreements to acquire an interest in a business or assets. As a CPC, the Corporation's principal business will be the identification and evaluation of assets, properties or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholder approval and acceptance by the TSX Venture. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing. The Company had twenty-four months from the date the Corporation's shares are listed on the TSX Venture, at which time the TSX Venture may suspend or de-list the Corporation's shares from trading. The Corporation's shares began trading on the TSX Venture on December 2, 2014. On March 15, 2017, the Corporation was granted an extension by the TSX Venture for the completion of the Qualifying Transaction (note 8) to September 7, 2017. There is no assurance that the Corporation will complete a Qualifying Transaction by September 7, 2017. In the event the Qualifying Transaction is not completed by the extension deadline, the Corporation shall be required to transfer its common shares to NEX, a separate board of TSX Venture Exchange for companies that have fallen below TSX Venture's listing standards by filing a NEX listing notification with the TSX Venture, and cancelling its outstanding seed shares held by non-arm's length parties of the Corporation. In the event the Corporation fails to complete the Qualifying Transaction or transfer its common shares to NEX prior to the Extension Deadline, the common shares of the Corporation will be delisted.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Statement of Compliance

Statement of Compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Certain financial information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. The disclosure provided herein is incremental to the disclosures included in the annual financial statements. These condensed interim financial statements should be read in conjunction with the Corporation's annual audited financial statements for the year ended December 31, 2016.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Preparation and Statement of Compliance, *continued*

These condensed interim financial statements have been prepared following the same accounting policies as the Corporation's annual audited financial statements for the year ended December 31, 2016.

Summary of Accounting Estimates and Assumptions

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in these condensed interim financial statements are:

Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Functional and Presentation Currency

These condensed interim financial statements are presented in Canadian Dollars, which is the Corporation's functional and presentation currency.

The Corporation's principal accounting policies are outlined below:

Cash

Cash is held in a lawyer's trust, which is comprised of proceeds from the issuance of share capital.

The proceeds raised from the issuance of share capital and from the initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the TSX Venture.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Income Taxes, *continued*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the condensed interim financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Loss per Share

Loss per share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Revenue Recognition

Interest income is recorded in the period in which it is earned.

Non-Derivative Financial Instruments

Non-derivative financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Non-Derivative Financial Instruments, *continued*

At initial recognition, the Corporation classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Corporation's loans and receivables are comprised of cash and are included in current assets due to its short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method, less a provision for impairment.

Financial liabilities within the scope of IAS 39, Financial Instruments: Recognition and Measurement, are classified as financial liabilities at fair value through the profit or loss, or other financial liabilities, as appropriate.

The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Corporation's other financial liabilities include accounts payable and accrued liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) for substantially the full term of the asset or liability; and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data and unobservable inputs supported by little or no market activity.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

SIGNIFICANT ACCOUNTING POLICIES, *continued*

Share Based Payments

Equity-settled share based payments for directors, officers, employees and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements with the offsetting amount recorded to contributed surplus. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period of each tranche (graded vesting) based on the Corporation's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees, and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Compensation expense on share options granted to non-employees is measured based on the fair value of the goods or services received unless that fair value cannot be reliably measured. The fair value is measured at the date the entity obtains the goods or service.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

3. SHARE CAPITAL

Authorized

Unlimited number of common shares, voting, participating
Unlimited number of preferred shares, issuable in series

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

Issued and outstanding common shares

	Number	\$
As at December 31, 2016 and June 30, 2017	5,514,000	284,222

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

SHARE CAPITAL, *continued*

Stock Option Plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

On December 2, 2014, the Corporation granted stock options to officers and directors of the Corporation to acquire 551,400 common shares at a price of \$0.10 per share which will expire on December 2, 2024. The stock options were valued at \$47,972 using the Black-Scholes valuation model assuming a life expectancy of 10 years, a risk free rate of 1.89%, expected dividend yield of 0%, vest immediately and volatility of 93%.

The following table summarizes the stock options outstanding:

	Number of options	Weighted average exercise price	Share price at date of exercise
Outstanding, January 1, 2016	902,800	\$ 0.10	\$ -
Granted	-	-	-
Exercised	-	-	-
Expired	(351,400)	0.10	-
Forfeited	-	-	-
Outstanding, December 31, 2016	551,400	\$ 0.10	\$ -
Granted	-	-	-
Exercised	-	-	-
Expired	-	-	-
Forfeited	-	-	-
Outstanding, June 30, 2017	551,400	\$ 0.10	\$ -

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

SHARE CAPITAL, *continued*

Contributed Surplus

Share-based compensation expense is based on estimated fair value of the related stock options at the time of grant and is recognized as an expense with a corresponding increase in contributed surplus.

Contributed Surplus	
December 31, 2016 and June 30, 2017	\$ 65,542

Escrowed Shares

Pursuant to an escrow agreement dated as of March 15, 2014 among the Corporation, Alliance Trust Corporation and certain shareholders of the Corporation, 2,000,000 common shares, being all of the issued and outstanding common shares prior to the completion of the Offering, have been deposited in escrow. Upon the Corporation completing a Qualifying Transaction, as defined in Policy 2.4 of the TSX Venture, common shares held pursuant to the escrow agreement shall be released as to 10% immediately following the issuance of the bulletin of the TSX Venture announcing final acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% shall be released every six months, commencing six months following the Initial Release.

4. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding during the period. Loss per share is calculated as follows:

	Net Loss	Shares	Loss per share	
			Basic	Diluted
June 30, 2017	\$ 25,655	5,514,000	\$ (0.00)	\$ (0.00)
June 30, 2016	\$ 20,773	5,514,000	\$ (0.00)	\$ (0.00)

5. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2017, \$35,109 (June 30, 2016 - \$31,626) was paid as legal fees to a law firm in which a director of the Corporation is a partner.

6. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist of cash. The Corporation's cash is held within a trust account by a highly reputable law firm. Therefore, the Corporation does not believe it is currently exposed to any significant credit risk.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

FINANCIAL INSTRUMENTS, *continued*

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash in line with restrictions noted in note 2. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

7. MANAGEMENT OF CAPITAL

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subjected. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

8. QUALIFYING TRANSACTION

The Corporation has entered into a non-binding letter agreement with Mark One dated October 26, 2016 (the "Letter Agreement"), pursuant to which the Corporation and Mark One intend to complete a business combination (the "Transaction") pursuant to which the Corporation will be renamed "Mark One Lifestyle Corp." ("Newco"). Upon completion of the Transaction, Newco will continue to carry on the business of Mark One and Newco is expected to be a Tier 2 industrial issuer. Pursuant to the Transaction, it is expected that an aggregate of 30,000,000 common shares in the capital of Newco (the "Newco Common Shares") will be issued to the current shareholders of Mark One in exchange for all of the issued and outstanding common stock and securities convertible into common stock of Mark One (the "Mark One Common Shares") at a deemed price of \$0.50 per Newco Common Share for an aggregate deemed consideration of \$15,000,000, exclusive of (i) Newco Common Shares issued to subscribers under the Mark One Private Placement and the Mark One Financing (both as defined below). Each 3.5 of the 5,514,000 issued and outstanding common shares of the Corporation (the "Anchor Common Shares") will be consolidated into one Newco Common Share (the "Consolidation"). Each 3.5 outstanding stock options and agents' options of the Corporation will be exchanged for one stock option or agent's option of Newco to reflect the Consolidation and the exercise price will be adjusted proportionately in accordance with their respective terms.

ANCHOR CAPITAL CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended June 30, 2017
(Expressed in Canadian dollars)
(Unaudited)

QUALIFYING TRANSACTION, *continued*

Pursuant to the Letter Agreement, the parties have agreed to use their "commercially reasonable efforts" to cause Mark One to complete a private placement (the "Mark One Private Placement") of subscription receipts of Mark One (the "Subscription Receipts") at a price of \$0.50 per Subscription Receipt for gross proceeds of a minimum of \$10,000,000 and a maximum of \$15,000,000. Each Subscription Receipt will be automatically converted into one Newco Common Share concurrent with the completion of the Transaction at no additional cost to the holder.

If Mark One issues secured promissory notes convertible into Mark One Common Shares (the "New Mark One Notes") and 300,000 warrants to purchase common stock of Mark One (the "New Mark One Warrants") as part of a maximum \$3,000,000 financing on a private placement basis, then in connection with the Transaction, every \$0.40 of principal amount of the New Mark One Notes will be exchanged for one Newco Common Share and the New Mark One Warrants will be exchanged for warrants of Newco on the basis of one Newco warrant for every ten Newco Common Shares issued, with each such Newco warrant to have a term of three years and an exercise price of \$0.65 on a post-Transaction basis (the "Mark One Financing").

In connection with the Transaction, Opus 3 Capital Inc. shall be paid a finder's fee of \$750,000 which shall be payable \$225,000 in cash and by the issuance of 1,050,000 Newco Company shares, subject to the approval of the TSX Venture.

It is intended that the Transaction, when completed, will constitute the Qualifying Transaction of the Corporation pursuant to Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. The Transaction is an arm's length transaction and is subject to the policies of the TSX Venture relating to qualifying transactions, as well as shareholder approval of each of the Corporation and Mark One.